



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 22, 1997

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JUSTICE DEPARTMENT APPROVES TYCO INTERNATIONAL'S ACQUISITION OF KEYSTONE INTERNATIONAL

Major Divestiture of Butterfly Valve Assets Required

WASHINGTON, D.C.-- The Department of Justice today approved Tyco International Ltd.'s acquisition of Keystone International Inc.--two major industrial product manufacturers--after Keystone agreed to sell off all its waterworks butterfly valve assets and business to a third party.

Butterfly valves are used in waterworks applications, such as waste-water treatment, where they must meet the specifications of the American Water Works Association.

The Department's Antitrust Division said that without the spin-off by Keystone, the original transaction would have significantly increased concentration among producers of waterworks butterfly valves, and would have left only two providers of these butterfly valves in sizes below 24 inches.

"The divestiture will ensure that municipalities--the largest consumers of butterfly valves for waterworks--continue to have viable choices for this essential waterworks construction component," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "That means that taxpayers will get more for their dollar."

Keystone will divest its waterworks butterfly valve assets and business to CMB Industries Inc., a division of Core Industries Inc., headquartered in Bloomfield Hills, Michigan. Core had 1996 sales of about \$230 million and was recently purchased by United Dominion Industries Ltd., a Canadian company whose world headquarters are located in Charlotte, North Carolina. United Dominion's 1996 revenues were about \$2 billion.

Tyco and Keystone proposed the divestiture of Keystone's waterworks butterfly valve business to Core in light of the Department's antitrust investigation into the likely anticompetitive effects of the Tyco/Keystone merger. With the divestiture of Keystone's business, the Department's competitive concerns with the merger were alleviated.

Tyco, headquartered in Exeter, New Hampshire, is the nation's largest waterworks butterfly valve manufacturer. It had 1996 revenues in all its product lines of more than \$6 billion. Tyco is engaged in a variety of enterprises including valves sold for industrial applications.

Keystone, headquartered in Houston, was the third largest waterworks butterfly valve manufacturer. Its 1996 revenues for all product lines was \$700 million. Keystone produces other specialized industrial products that control the flow of liquids, gases, and other materials.

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